

*FAA FORECAST
CONFERENCE
MARCH 8, 2000*

COMMENTS OF
WALT COLEMAN
REGIONAL AIRLINE
ASSOCIATION

*REGULATORY
REQUIREMENTS*

All Airlines Providing Scheduled
Service Operating Aircraft with
Ten Passenger Seats or More
Operate Under Identical FAA
Regulatory Requirements

SOURCES OF GROWTH

- ROUTE TRANSFERS FROM MAJOR PARTNER
- SUPPLEMENTAL SERVICE WITH MAJOR PARTNER
- NEW CITY PAIRS
- INCREASED SERVICE TO EXISTING MARKETS (MORE FLIGHTS/LARGER AIRCRAFT)

*REGIONAL AIRLINE
PASSENGER
CHARACTERISTICS*

- 60 - 65% Are Business Travelers
- Prefer Boarding via Loading Bridges
- Desire Plane Side Baggage Checking
- Desire Regional and Major Partners have Adjacent Gate Areas

*REGIONAL AIRLINE
INDUSTRY PASSENGER
LOAD FACTOR*

- CONSISTENTLY 48 % TO 50 % FROM 1978 THROUGH 1995
- INCREASED TO 53% IN 1996
- INCREASED TO 55% IN 1997
- INCREASED TO 57% IN 1998

CODE SHARING

- 50+ AGREEMENTS
- 14 WHOLLY OWNED BY MAJOR/NATIONAL
- 3 PARTIALLY OWNED
- BALANCE ARE MARKETING AGREEMENTS

**AIRPORTS SERVED
BY
REGIONAL AIRLINES**

- 717 AIRPORTS IN UNITED STATES
- 462 AIRPORTS IN THE 48 STATES
- 288 AIRPORTS IN THE 48 STATES ARE
SERVED EXCLUSIVELY BY
REGIONAL AIRLINES

***CURRENT REGIONAL JET
OPERATORS***

- AIR WISCONSIN
- AMERICAN EAGLE
- ATLANTIC
SOUTHEAST
- CHAUTAUQUA
- COMAIR
- CONTINENTAL
EXPRESS
- CHAUTAUQUA
- HORIZON
- MESA
- MESABA
- MIDWAY
- SKYWAY
- SKYWEST
- TRANS STATES
- OZARK
- EXPRESS I(APR 2000)

REGIONAL JETS
JANUARY 1, 2000

- 407 IN SERVICE
- 524 ON ORDER
- 755 ON OPTION
- 1686 TOTAL OF IN-SERVICE, ON ORDER AND ON OPTION

Regional Airline Definition

Regional airlines operate short and medium-haul scheduled airline service, connecting smaller communities with larger cities and connecting hubs, operating twin engine turboprops and regional jets.

*PRELIMINARY ESTIMATES
FOR 1999*

- 77 MILLION PASSENGERS
- FLEET INCREASE FROM 2150 TO 2200+
- REGIONAL JET FLEET REPRESENTS 30 TO 35% OF PASSENGER SEATS

PROJECTIONS
(Based on FAA Forecast)

2003

PASSENGER ENPLANEMENTS

100 Million +

REVENUE PASSENGER MILES

29 Billion

SIZE OF REGIONAL FLEET

2400

IMPEDIMENTS TO GROWTH

- CONSTRAINED ATC SYSTEM
- AIRPORT CAPACITY LIMITATIONS
- NEED FOR PRECISION APPROACH
CAPABILITY AT REGIONAL
AIRPORTS
- COMMUNITY SENSITIVITY TO NOISE
- STAFFING REQUIREMENTS

*CHALLENGES FOR THE
NEW MILLENNIUM*

- MEET THE EXPECTATIONS OF PASSENGERS AND SHIPPERS
- SATISFY COMMUNITIES THAT ENVIRONMENTAL CONCERNS ARE BEING ADDRESSED
- STIMULATE AN EARLY INTEREST IN AVIATION AMONG THE NATION'S YOUTH TO ENSURE A MOTIVATED AND WELL-TRAINED AVIATION WORK FORCE

*REGIONAL AIRLINE MARKET
ENTRY DECISIONS*

- SUSTAINED DEMAND
- FREQUENCY JUSTIFIES GROUND STAFFING
- AIRCRAFT SIZE
- AIRPORT CAPABILITIES
- SUITABLE CONNECTING HUB